



MEETING  
CONSUMERS CHANGING NEEDS

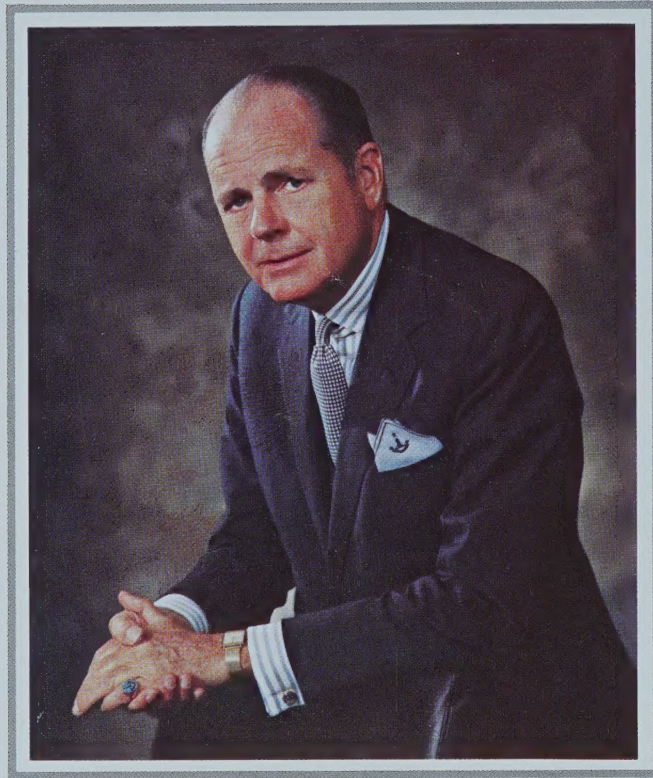


DOMINION STORES LIMITED  
ANNUAL REPORT 1978



# IN MEMORIAM

## JOHN A. McDOUGALD



During his long years of association with Dominion Stores, both as a member of the Board and as its Chairman, John A. McDougald remained steadfast in his commitment to the progressive well-being of this Company.

From the moment in 1945 when Dominion Stores and Mr. McDougald were first introduced, a unique relationship was established, founded on a sense of concern and caring. It was John A. McDougald who spearheaded our development initiative, who nurtured Dominion Stores after 1945 in its second breath, who shepherded us through this past quarter-century of enormous growth and change. It was to a very great extent his hand that guided us, his eye that envisaged the future, his mind that perceived the marketplace, his imagination and daring that thrust us into the forefront of Canadian retailers.

But, John A. McDougald has left us with an even more impressive legacy: a great font of people, of human resource. For he was not only of great financial stature, but a warm and generous friend who appreciated and encouraged individual talent, and who demonstrated unwavering personal loyalty to and respect for the people of Dominion Stores. For all this he is remembered and for all this he is missed.

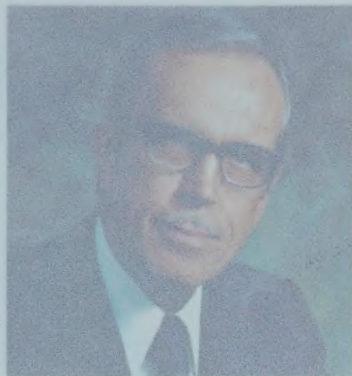
A new era begins for Dominion Stores, an era in which the Company will be the beneficiary of his major contribution to our affairs.

It is with deep sorrow that we record our loss at the death on March 15, 1978 of our friend and respected associate, John A. McDougald, Chairman of the Board.



# Meeting consumers' changing needs...

**The Aim** of Dominion Stores Limited is to fulfill with ever-increasing efficiency its responsibility as a distributor of food, thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the company possible, and to provide its employees with a satisfactory living under the best possible conditions.



## A special message from the President

### DOMINION STORES LIMITED

I open my remarks this year by referring to the Aim of Dominion Stores Limited. It accurately expressed our reaffirmed obligation to the maintenance of the highest standards of quality and service.

As you know, Dominion Stores, with sales in 1977 of well in excess of 2 billion dollars, is Canada's largest retail organization. Such an achievement is one in which we all share and of which we all feel justly and distinctly proud. But, it is a modest pride we experience because we acknowledge that Dominion Stores' growth and ultimate success stem from the combined effect of consumers' acceptance, employees' labours, shareholders' support and suppliers' and landlords' co-operation. Without this confluence of energies none of our accomplishments would have been possible.

We also acknowledge that this approval of Dominion Stores on the part of employees and its various publics contains within it a strong element of faith and trust: in the Canadian system of enterprise, in the food industry, in Dominion Stores' leadership, and in the understanding that that very approval is and will continue to be respected by Dominion Stores and reciprocated

through our continuing pledge to quality and value.

Our size, our success, and frankly our sophisticated skills and abilities enable Dominion Stores to more efficiently and effectively serve our customers, our employees, our shareholders, our suppliers and our landlords.

With increased buying power we can more readily guarantee fair prices to the consumer. With increased technology we can more reliably co-ordinate and administer our purchasing policies, our inventory control, and our distribution activities. With increased innovation we can promise a greater diversity of food-stuffs and goods on our shelves. With increased working capital we can create new stores and renovate existing ones. With increased profitability we can improve our return to our shareholders and simultaneously create new jobs and a more stable employment environment.

While we are proud of our leadership position in the retailing industry, we strive to maintain those basic human values that are the foundation of our society. We refuse to allow our size to substitute for our sensitivity.

We strive continually to be attentive to the changing needs of consumers.

We strive continually to make challenging, rewarding and secure not only the present but the future of our employees.

We strive continually to contribute to the well-being and vitality of the communities in which we live and work by returning to them some of that which we have taken out. We do this through both economic and human resources. For example, there are literally thousands of Dominion employees from the Atlantic

Provinces to Saskatchewan who are actively involved with an enormous range of community, civic, charitable, church, business and sports organizations. On a corporate level, Dominion Stores Limited contributes as well through the vehicle of its Cash Tape Programme which yearly supplies a variety of worthy charities with much needed specialized equipment.

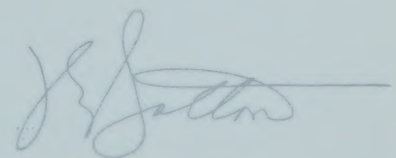
We strive continually to provide to our shareholders a fair return on their investment.

We strive continually to infuse our relationship with suppliers and landlords with a true sense of partnership.

It is with great satisfaction that we present in this year's Annual Report a pictorial essay devoted to the topic of meeting consumers' changing needs, and to our people who so willingly and ably accept the challenge of change.

On behalf of your Board of Directors and Company Officers, I wish to express my deep and abiding gratitude to the men and women of Dominion Stores for their major contribution to the Company's stellar year.

Sincerely



Thomas G. Bolton  
President and  
Chief Executive Officer

Toronto, Canada  
July 12, 1978

IN MEMORIAM  
JOHN A. McDUGALD



DOMINION STORES LIMITED

During his long years of association with Dominion Stores, both as Chairman and as a Director, John A. McDougald demonstrated in his commitment to the progressive well-being of this Company.

From the moment in 1945 when Dominion Stores and Mr. McDougald were first introduced, a unique relationship was established, founded on a sense of concern and caring. It was John A. McDougald who spearheaded our development initiative, who nurtured Dominion Stores after 1945 in its second breath, who shepherded us through this past quarter-century of enormous growth and change. It was to a very great extent his hand that guided us, his eye that envisaged the future, his mind that perceived the marketplace, his imagination and daring that thrust us into the forefront of Canadian retailers.

But, John A. McDougald has left us with an even more impressive legacy: a great font of people, of human resource. For he was not only of great financial stature, but a warm and generous friend who appreciated and encouraged individual talent, and who demonstrated unwavering personal loyalty to and respect for the people of Dominion Stores. For all this he is remembered and for all this he is missed.

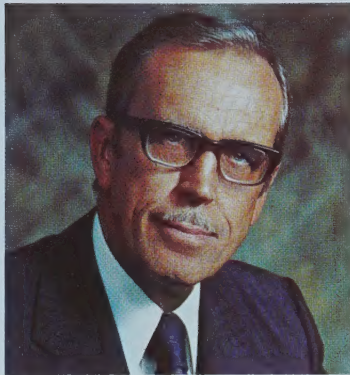
A new era begins for Dominion Stores, an era in which the Company will be the beneficiary of his major contribution to our affairs.

It is with deep sorrow that we record our loss at the death on March 15, 1978 of our friend and respected associate, John A. McDougald, Chairman of the Board.



# Meeting consumers' changing needs...

**The Aim** of Dominion Stores Limited is to fulfill with ever-increasing efficiency its responsibility as a distributor of food, thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the company possible, and to provide its employees with a satisfactory living under the best possible conditions.



## A special message from the President

I open my remarks this year by referring to the Aim of Dominion Stores Limited. It accurately expresses our reaffirmed obligation to the maintenance of the highest standards of quality and service.

As you know, Dominion Stores, with sales in 1977 of well in excess of 2 billion dollars, is Canada's single largest retail organization. Such an achievement is one in which we all share and of which we all feel justly and distinctly proud. But, it is a modest pride we experience because we acknowledge that Dominion Stores' growth and ultimate success stem from the combined effect of consumers' acceptance, employees' labours, shareholders' support and suppliers' and landlords' co-operation. Without this confluence of energies none of our accomplishments would have been possible.

We also acknowledge that this approval of Dominion Stores on the part of employees and its various publics contains within it a strong element of faith and trust: in the Canadian system of enterprise, in the food industry, in Dominion Stores' leadership, and in the understanding that that very approval is and will continue to be respected by Dominion Stores and reciprocated

through our continuing pledge to quality and value.

Our size, our success, and frankly our sophisticated skills and abilities enable Dominion Stores to more efficiently and effectively serve our customers, our employees, our shareholders, our suppliers and our landlords.

With increased buying power we can more readily guarantee fair prices to the consumer. With increased technology we can more reliably co-ordinate and administer our purchasing policies, our inventory control, and our distribution activities. With increased innovation we can promise a greater diversity of food-stuffs and goods on our shelves. With increased working capital we can create new stores and renovate existing ones. With increased profitability we can improve our return to our shareholders and simultaneously establish new jobs and a more stable employment environment.

While we are proud of our leadership position in the retailing industry, we strive to maintain those basic human values that are the foundation of our society. We refuse to allow our size to substitute for our sensitivity.

We strive continually to be attentive to the changing needs of consumers.

We strive continually to make challenging, rewarding and secure not only the present but the future of our employees.

We strive continually to contribute to the well-being and vitality of the communities in which we live and work by returning to them some of that which we have taken out. We do this through both economic and human resources. For example, there are literally thousands of Dominion employees from the Atlantic

Provinces to Saskatchewan who are actively involved with an enormous range of community, civic, charitable, church, business and sports organizations. On a corporate level, Dominion Stores Limited contributes as well through the vehicle of its Cash Tape Programme which yearly supplies a variety of worthy charities with much needed specialized equipment.

We strive continually to provide to our shareholders a fair return on their investment.

We strive continually to infuse our relationship with suppliers and landlords with a true sense of partnership.

It is with great satisfaction that we present in this year's Annual Report a pictorial essay devoted to the topic of meeting consumers' changing needs, and to our people who so willingly and ably accept the challenge of change.

On behalf of your Board of Directors and Company Officers, I wish to express my deep and abiding gratitude to the men and women of Dominion Stores for their major contribution to the Company's stellar year.

Sincerely

A handwritten signature in dark ink, appearing to read 'T. G. Bolton', with a long horizontal flourish extending to the right.

Thomas G. Bolton  
President and  
Chief Executive Officer

Toronto, Canada  
July 12, 1978



## Mainly because of the Meat...



At Dominion we are proud of the quality of our meat and the way in which we present it to our shoppers.



Interest in customers' specific needs is a by-word in the meat department.



Concern for cleanliness behind the scenes insures freshness up-front.



The wide variety of delicatessen products is one more reason shoppers prefer Dominion's meats.

Dominion Stores' leadership in the food retail industry and its continual growth can be attributed to many factors, none more important than its ability to meet consumers' changing needs. Tracking consumers' attitudes toward food shopping and the Dominion experience has become an integral part of Dominion's marketing strategy.

### **LOUISE DESAULNIERS, Home Economist, Montreal**

"I think Dominion has been a pioneer in nutrition services, and will continue to enlarge their services in that area. The demand is there and Dominion will respond. Educating the consumer is good business as well as good service."

### **W. FRANK CAPSTICK, Senior Vice-President, Retail Operations**

"People are the most important thing, our people and consumers. You've got to have good relationships between people."

### **TOM YERACHUK, Manager, Rosemere, Quebec**

"If a consumer has a special request I'll make every effort to get it and make the customer happy."

### **A. WILLIAM TOMLIN, Senior Vice-President, Administration**

"If we didn't try to be sensitive to the consumers and to anticipate their needs, we certainly wouldn't be serving 3 million Canadians every week."

The ways in which Dominion Stores meets consumers' changing needs range from the obvious to the subtle, from the immediate to the long-range, and from the largest programme to the smallest detail.

Its reputation for quality meats is a banner concern at Dominion. Care and pride go hand-in-hand in all Dominion meat departments.

### **WAYNE HAMILTON, Meat Manager, Meadowvale, Ontario**

"Dominion not only pays a premium for its beef, but it also insures it's a very high quality beef. That premium really adds up when you consider the amount of beef Dominion buys and it's all for the benefit of the customers."

"I believe our trimming standards are better than others'. Meat has to be cut so that it's attractive to the customer and so that the quality is protected. We cut as much as possible with a knife rather than a saw. We try to cut with finesse."

"I think customers expect more from Dominion where meat is concerned. We've built a reputation on meat and we have to protect that reputation and even improve it."

"We try to supply the customer with the kinds and cuts of meat they want. I talk to customers all the time and I carry a little notebook with me so when I see a customer again I can refer to her comments. And, I try to advise people about the best meat buys."

Such devotion to a department's reputation is typical of Dominion Stores' ongoing campaign to provide customers with what they want.



We pay a premium to maintain the quality of Dominion's beef."



Quality control is a continuous process at Dominion, from buyers through to meat managers and cutters.



Whether shopping at a neighbourhood Dominion or one far from home our customers are assured of consistent high quality. And, Dominion's "guarantee of satisfaction" stretches across 7 provinces.



Recognizing the modern family's desire for quick but nutritious meals, Dominion offers a growing selection of "eat out at home" foods.



Canada's ethnic population has its favourite meat dishes. Dominion meat managers attempt to supply the types and cuts of meat they prefer.





The freshest produce possible at the lowest price possible...



Dominion's experienced buyers select the choicest produce on a *daily* basis.



In Dominion's "Garden" fruits and vegetables are displayed in their fullest freshness.



Our reputation for freshness and variety brings shoppers back to pick from our garden.



Senior citizens and singles appreciate the opportunity to buy fresh in limited quantities

**TONY CORNACCHIA, Produce Manager,  
Dominion Towne Mall, Toronto**

"When I first came to this store I had to learn what our customers liked and didn't like and how much they bought and how I could improve the produce department. I had a lot of help from my chief clerk.

"I talk to the customers, find out what they like in the way of produce, sometimes they take me for coffee, sometimes I take them, and week by week I was able to improve sales because of what I was learning. Around this area people buy what you put out as long as it's top quality. The clientele here may be a little unusual, they like different things like papaya, mangos, kiwi fruit—produce like that just runs out of the store. As long as it's top quality.

"I start at 6 in the morning, setting up the counter, the wet-case, the beans, etc. and my people set up the fruit-wall and the bulk items like potatoes. By 9, everything's done and we're all set up.

"People tell me my counters look good and the merchandise sells and that lets me know I'm doing things right."

Not only are today's consumers unlike those of ten and twenty years ago—different sets of expectations, different sets of needs, altered states of awareness and sensibility—but, of course, even at present all consumers are not identical. Geography, economics, ethnic background, age, marital status and family size are some of the factors that make the marketplace a challenge.

**JOHN C. TOMA, Senior Vice-President,  
Marketing**

"We try to understand our shoppers, and we begin by attempting to find out something about their needs. We are continually aware of changing trends in consumer buying habits."

**REAL BROUILLETTE, Vice-President,  
Quebec Division**

"Of course, we have a different culture here in Quebec. And, it is certainly expressed by the consumer as far as we're concerned. I mean, the grocery shopping experience here is not the same as elsewhere in Canada.

"It tends to be more social for one thing, women come with their families or to meet other women or to talk with the butcher. It's very personal. Buying food remains a pleasure whereas in many parts of the country it's perceived as a chore. Women tend to go twice a week rather than once. Women are less bargain-conscious here, although they are price-conscious.

"In addition to all this, the French prefer different cuts of meat, certain brands of canned goods, etc. When we make our plans to meet the needs of shoppers in Quebec, we have to take these kinds of differences into consideration."

**MEL FRASER, Manager, Meadowvale, Ontario**

"I find customers today are not necessarily more demanding, but more knowledgeable, more price-conscious, less impulsive, and certainly more willing to ask for products they don't see and more willing to ask questions. They're more concerned about nutrition and the additives that are in foods."

**UNA ABRAHAMSON, Director of Consumer  
Affairs**

"Consumerism today is not consumerism of five years ago. People know a great deal more. They pick it up through all the news and information media. Another thing, there have been tremendous economic changes in the past 5 years. People watch their money, but at the same time what we used to think of as luxuries have now become staples and our levels of living, of service, of demands have risen."



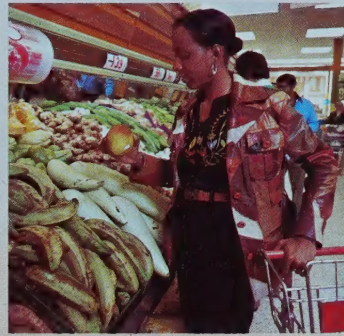
# Dominion's "Garden fresh" fruits and vegetables...



Helping customers select ripe fruit, or answering their many inquiries is part of the daily responsibility of our experienced produce staff.



Attractive displays continually maintained make an important contribution to Dominion's success.



Not-so-common fruits and vegetables such as plantains, mangos and papayas can be found in selected Dominion Stores where special needs are served.



Dominion's new Greenhouse section expands the concept of convenient shopping.





Almost unlimited variety...our Company Brands...hundreds of leading national brands...



**Any Company Brand product must be of the highest quality.**



**Dominion's own dairy products are representative of our commitment to providing our shoppers with a wide variety of excellent foods.**



**Frozen and prepared foods are an integral part of today's shopping cart. Dominion store personnel are often called upon to be of assistance in menu-planning.**



**Dominion Brand laundry and detergent products, among many others, provide the consumer with an excellent price/quality relationship.**

#### **MEL FRASER, Manager, Meadowvale, Ontario**

"In the grocery department here in Meadowvale we carry approximately 10,000 different items, and in general merchandise 12 to 15,000 different items. There are between 150 and 165 employees in the store. This has been done specifically to serve the needs of this community because it's a very young area, actually a town being built in front of our eyes. Shopping facilities within a ten mile radius are limited. So, the concept for this store is to supply the merchandise that can't conveniently be gotten elsewhere.

"Our Meadowvale store, the largest and one of the newest in the Dominion chain, has many special features. There is a Wine Cellar; a section called "Foods of the World" where Chinese, Japanese, Mexican, German, Dutch and East Indian foodstuffs can be found; a general merchandise department that stocks automotive supplies, power tools, electrical appliances, and hardware; and there is a gift shop. Marion McDonald, our home economist, has an office right in the store.

"I know we did extensive research here; we were involved in the planning stages with the community, and we are now more closely in touch with people in the area, always trying to discover their needs. Dominion and this community are just beginning to know each other.

"Everything always comes back to one question: how will the consumer react to this? That question guides us here where we are still making changes. We want the customer to be happy and comfortable here. It's not a question of getting the customers to come to your store once, it's a question of getting them to come back."

At Dominion, store managers and their staffs are sensitive to the special needs of the neighbourhoods they serve. This is one great "plus" Dominion offers its customers.

#### **CHARLIE DISTEFANO, Manager, Jane/Finch, Toronto**

"We have a large ethnic population here. We bring in imported products from Italy, from Mexico, and the West Indies especially for these people.

"We have a special service for senior citizens. We have two clubs of senior citizens that come in every week on a Wednesday afternoon. We have special service for them, small cuts, small amounts of merchandise, and we try to help them in any way we can. We always talk to the customers, ask them questions. We have staff here who speak Italian or Spanish.

"We are very involved with the community and we serve them, I think, better than anyone else. Some of our employees live right in the neighbourhood and they are involved with the community, on hockey teams and things like that.

"Having the customers know the employees gives them confidence and confidence is what makes them come back."

Over the years, Dominion's own labels have become an increasingly important part of Dominion Stores' product mix. Consumers have greeted them with greater and greater degrees of acceptance.

#### **JOHN C. TOMA, Senior Vice-President, Marketing**

"Take the 'generic' label, as it's called. These are products of good quality with 'no frills' labels—the labels simply tell the consumer what she wants to know—and there is no advertising to speak of. So, we can sell these products for less than national brands, and even less than our own Dominion label products.

"Over the years we have seen the consumer accept and trust company brand products, and we feel confident the same will happen with generic labels. That will certainly benefit many shoppers.



and a selection of imported ethnic and gourmet foods...



Well-stocked shelves and courteous service make shopping at Dominion easier and more pleasant.



Knowing that Dominion provides the largest variety of any food retailer is another reason shoppers keep coming back.



Dominion's people make shopping less difficult for newcomers to Canada.



From Dominion's own brands to unusual specialty products we are proud to serve Canadians from the Atlantic provinces to Saskatchewan





# The Baker's Oven emphasizes Dominion Stores' commitment to freshness...

Yet another example of Dominion's interest in anticipating consumer needs and fulfilling them is the 134 Baker's Ovens now in operation.

## **ERIK BODDUM, Bakery Manager, Dominion Towne Mall, Toronto**

"I order all our ingredients and I believe they are the best you can use. The products we bake here are the best you can buy, as good or better than any bakery. I've been with Dominion for 16 years and a bakery manager in this store for 10 years and I'm personally very proud of the goods we bake.

"We get lots of compliments about our bread, pastry, cakes so I know people like our fresh-baked goods."

Meeting consumers' changing needs has not only to do with products and physical environment, but with caring about the consumer on a simple human level as well.

## **VERENA DUNNE, Head Cashier, Meadowvale, Ontario**

"We always try to make sure the customer is satisfied. We want to make sure her last impression of the store is a good one. We want to make sure she comes back again. We try to be really friendly with all our customers. We never let a customer go away unhappy or dissatisfied.

"We train our front-end personnel very carefully. We like them to greet the customers, 'good morning,' 'have a nice day,' 'thank you for shopping at Dominion.'

## **TOM YERACHUK, Manager, Rosemere, Quebec**

"We communicate a lot with our customers. Our people in meat, produce, the bakery, we all know the customers and the customers call us by name. People can relate to us, make suggestions and know that we will try to help them out when we can. And, we try to keep our staff happy as well so that they'll stay with us and get to know the customers."

## **MEL FRASER, Manager, Meadowvale, Ontario**

"One thing that's very good is the almost daily opportunity to pass along up the ladder information on trends or requests that we feel are important. There's a constant feedback between me and my supervisor about customers, merchandise, etc."

## **LISE GILBERT, Head Cashier, Rosemere, Quebec**

"We want our cashiers to be polite and friendly. We don't always wait for customers to complain. If we overhear two customers we'll get involved and try to satisfy them.

"I'm very close to my cashiers and I can judge their moods, so I try to assign them work off the cash registers for a while if I see they're upset."



**The best of old-world traditions goes into the preparation of Baker's Oven products.**



**Only the freshest ingredients go into Baker's Oven products.**

## **W. FRANK CAPSTICK, Senior Vice-President, Retail Operations**

"One of the most important things aside from clean bright stores, the good everyday pricing, specials, that the consumer wants is to be recognized. To be known. To feel that the store personnel are approachable. That you can ask questions and get answers. That you can talk to somebody. And, this is what we try to instill in all our people. And, they do a great job. When you see a store manager involved with customers you usually have a smooth-running store. He sets the standard, sets the tone, sets the example for others to follow."

## **UNA ABRAHAMSON, Director of Consumer Affairs.**

"We have 'specialist' shoppers today. We have many men shopping, many singles, many senior citizens. It's no longer only the married woman shopping for husband and children. People may want to shop at ten at night. Everyone wants to do their own thing, and that makes the marketplace very complex. But underneath it all we are a service industry, we are people, no matter how tired or frustrated we are, we are like the corner store. We smile and carry on."



With 134 Baker's Ovens, Dominion Stores is Canada's largest in-house, professional bakery...



To insure freshly baked products when the first customers enter the store, Dominion bakers rise before the sun.



Baking on premises has helped Dominion Stores meet consumers' changing needs.



Whether a birthday cake or un gâteau d'anniversaire, Dominion Stores will meet its customers' special needs.



Our bakery clerks have a natural flare for friendly service.

# The Baker's Oven





# Dominion's support staff...stockboys, cutters, cashiers, janitors...

Behind the scenes, every step of the way, Dominion is aware of its obligation to serve the Canadian consumer as effectively as possible. To do this requires immense support services, men and women who may never meet the public but who are nonetheless dedicated to service. It begins with people.

---

## **CHARLES SHIELDS, Assistant for Manpower Development**

"Our main policy is to promote from within, whenever possible.

"Maybe a high school youngster works 2 or 3 years part-time and he gets indoctrinated in the Dominion way of doing things right from the very beginning and then he comes aboard full-time. Eventually, if he's talented—or she's talented—that person gets ahead. We run a "friendly-courtesy" programme every year and each year it's a little different. This year, for instance, it's OBIPC which means Our Business Is Pleasing Customers. This is what makes us different. Every training programme has "friendly courtesy" built into it. It's always stressed.

"The grocery business is kind of unique. People are dedicated. Sales, of course, is the lifeblood of our business and these people get a lot of satisfaction from the unique merchandising of the grocery business."

---

It continues with quality-assured products.

---

## **GEORGE MITROVICH, Manager, Quality Assurance**

"Our responsibility is to assure management and the consumer that the specifications and standards that have been set are followed. We also assure that legal requirements are followed as well. Primarily we're involved with Company Brands, white labels—but also we'll test national brands.

"We have three laboratories. A Test Kitchen where products are prepared as consumers would do at home. A microbiology lab where we test for the microbial content of the products to assure that the products are wholesome. A chemical lab where we check to make sure the ingredients are as specified on the label and by legal requirements. It's our major responsibility to make sure the products we sell are safe and wholesome and of the highest quality.

"Of course, one of the things we do is check for nutritional content. We want to be certain that the relationship of protein, fat and carbohydrate are within the proper levels. We can also check for vitamin content and so forth.



**Our cashiers are carefully trained to be ambassadors of goodwill. Dominion recognizes that the last impression is as important as the first.**



**Dominion Stores provides part-time and temporary employment for students while adding to the convenience of its customers.**

"We make checks both on a routine basis and on an as-needed basis. Our company brands are on a routine testing basis. And, then, of course, we also do the project-type work and that ranges from taking the bacterial count on equipment to investigating a complaint."

---

It requires vast amounts of information and data.

---

## **DAVID LUCIUK, Comptroller**

"We supply management with the information needed to help make decisions daily, almost hourly. Because of the ever-changing situation in the marketplace, the information needs of our management—retail, distribution, merchandising—have become very demanding. Information has to be fast, credible, complete."

---

It encompasses many communities and the country as a whole.

---

## **ALLEN C. JACKSON, Executive Vice-President**

"The broadest community effort that we make is with our Cash Tape Plan. Any consumer or group of consumers can save cash register tapes to buy sports equipment, special equipment for the sick, disabled or elderly, and so on. Of course, the plan is primarily geared for charitable organizations and they do make effective use of it.



Office staff...home economists...buyers...research technicians...



Shoppers and non-shoppers alike appreciate the convenience of Dominion's Snack Stops.



A Dominion home economist aids shoppers in menu-planning and budgeting.



Dominion's quality assurance laboratory and its expert technicians are an essential part of the marketing process.



Regular management meetings bring to focus new products and better values for Dominion customers.





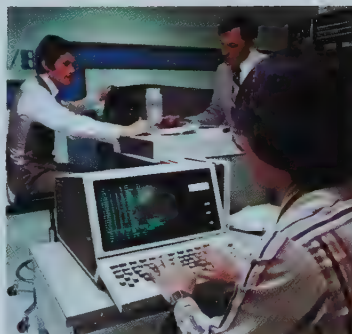
# Canadians can depend on us...



**Frequent contact between Dominion's home economists and management keeps management informed of customers' changing needs.**



**Dominion's Director of Consumer Affairs regularly meets with representatives of consumer groups, industry and government in a continuing effort to foster meaningful dialogue between interested parties.**



**Dominion Stores' highly sophisticated data communications and information retrieval system guarantees control of many complex functions required to manage Canada's largest retail organization.**



**Truckers, dispatchers and warehouse personnel keep the goods rolling from terminal to warehouse to store in an endless stream of quality products and goodwill.**

"Then, there are cases where, for instance, a group of customers will save tapes for a neighbour who's in need of a wheelchair. We publish a list of items that are available and the amount in dollar value of cash register tapes needed to acquire them. But, we'll work out any item you want.

"To give you an example, last year we gave 172 wheelchairs, 10 Dialysis machines, an incubator, an EEG machine, and a wheelchair lift to various charity groups. Also through the Plan, we donated hundreds of appliances and other needed items to over 1,000 church groups, over 200 Girl Guide, Brownie and Boy Scout groups. It's amazing how many groups are saving tapes. There's an old chap who's saved millions of dollars worth of tapes for the old war veterans at Sunnybrook Hospital. It's very gratifying.

"We also support the 4H clubs. We buy prize steers that these young people raise and bring to the Fair every year.

"Dominion contributes in a major way to the Canadian economy; through the tens of millions of dollars paid in Federal, Provincial and municipal taxes and to landlords, the hundreds of millions in salaries and benefits paid its 25,000 plus employees, and the more than one and a half billion dollars paid to our many, many suppliers."

It ends, appropriately, with the individual consumer.

## **JOHN C. TOMA, Senior Vice President, Marketing**

"There is no other commodity—I'm speaking now of food—that the consumer must have. There is no keener competition for the consumer dollar in any industry. The combination of those factors makes supermarkets extremely sensitive to consumers' needs and wants. The consumer, on the other hand, has to spend money every week on food. Consequently they are going to shop where they are most comfortable and where they can trust the store."



DOMINION STORES LIMITED  
FINANCIAL REPORT



SALES  
\$1,835,604

COMPARATIVE HIGHLIGHTS

TRULY CANADIAN

	2019	2018
Net Sales	\$1,835,604	\$1,749,714
Net Income	\$196,000	\$191,000
Operating Income	\$196,000	\$191,000
Operating Expenses	\$1,639,604	\$1,558,714
Operating Assets	\$1,639,604	\$1,558,714
Operating Liabilities	\$1,443,604	\$1,367,714
Operating Equity	\$196,000	\$191,000
Operating Income per Share	\$1.96	\$1.91
Operating Assets per Share	\$16.39604	\$15.58714
Operating Liabilities per Share	\$14.43604	\$13.67714
Operating Equity per Share	\$1.96	\$1.91



Canadians can depend on us...



...with a team of  
super. All the security  
needs, with a network of  
the most advanced technology.



...with a team of  
super. All the security  
needs, with a network of  
the most advanced technology.



...with a team of  
super. All the security  
needs, with a network of  
the most advanced technology.



...with a team of  
super. All the security  
needs, with a network of  
the most advanced technology.



TRULY CANADIAN





## DOMINION STORES LIMITED FINANCIAL REPORT

1978 SALES  
\$ 2,215,835,604

### COMPARATIVE HIGHLIGHTS

	For the years ended	
	March 18, 1978 (52 Weeks)	March 19, 1977 (52 Weeks)
<b>Net Earnings</b>	<b>\$ 20,836,424</b>	<b>\$ 16,198,053</b>
per dollar of sales	.94¢	.80¢
per share of common stock	\$ 2.44	\$ 1.90
<b>Sales</b>	<b>\$2,215,835,604</b>	<b>\$2,026,487,592</b>
(An increase of \$189,348,012 or 9.34%)		
<b>Dividends</b>	<b>\$ 8,181,410</b>	<b>\$ 7,749,714</b>
per share of common stock	\$ .96	\$ .91
<b>Working Capital</b>	<b>\$ 94,470,506</b>	<b>\$ 48,122,939</b>
<b>Ratio of Current Assets to Current Liabilities</b>	<b>1.96</b>	<b>1.51</b>
<b>Total Reinvested Earnings</b>	<b>\$ 122,139,839</b>	<b>\$ 109,484,833</b>
<b>Shareholders' Equity</b>	<b>\$ 143,653,678</b>	<b>\$ 130,868,147</b>
<b>Number of Stores at End of Year</b>	<b>379</b>	<b>377</b>
<b>Ground Floor Area—Retail (square feet)</b>	<b>7,241,217</b>	<b>6,917,561</b>

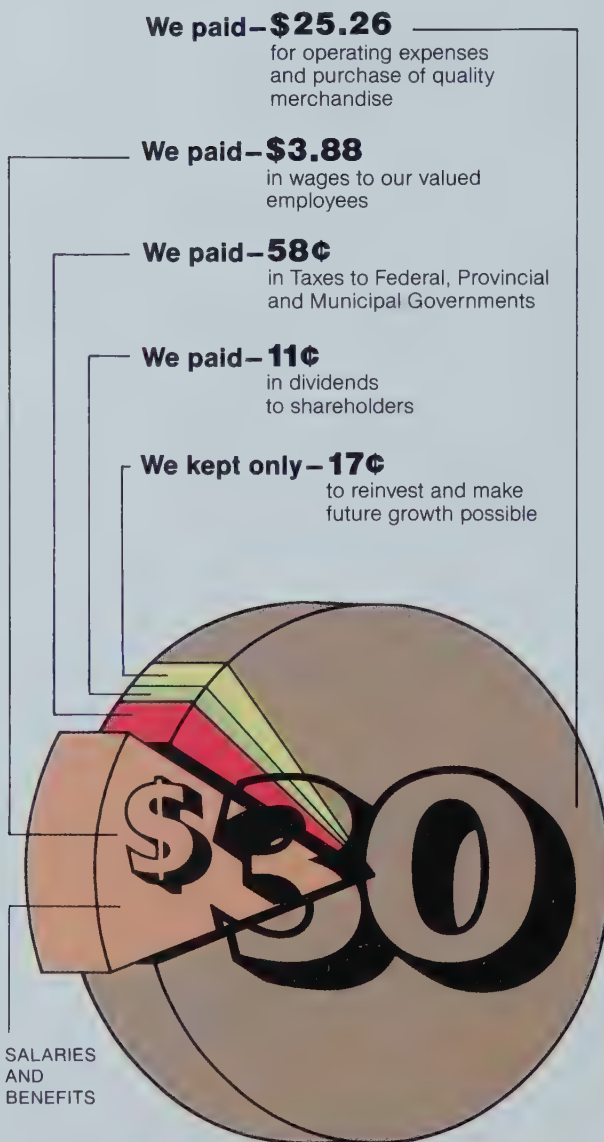


## Employees Share in Corporate Development

Last fiscal year, Dominion sales reached a record plateau of over 2 billion dollars (\$2,215,835,604), representing the single largest sales performance of a Canadian retailer.

It is important for all employees to understand what distribution was made of these sales dollars. The chart illustrated below, is a simple breakout of the actual total sales. It shows where the money we take in on a typical \$30.00 food order goes. After paying \$25.26 to our suppliers for this example order, only \$4.46 is left with which to pay the wages to our valued employees and taxes to Governments, leaving only 11 cents for dividends to shareholders and 17 cents for investment and future growth.

Sales and productivity on the job are fundamental to the Company's ability to meet its many financial obligations to our shareholders whose investment makes the Company possible; to employees and their families.



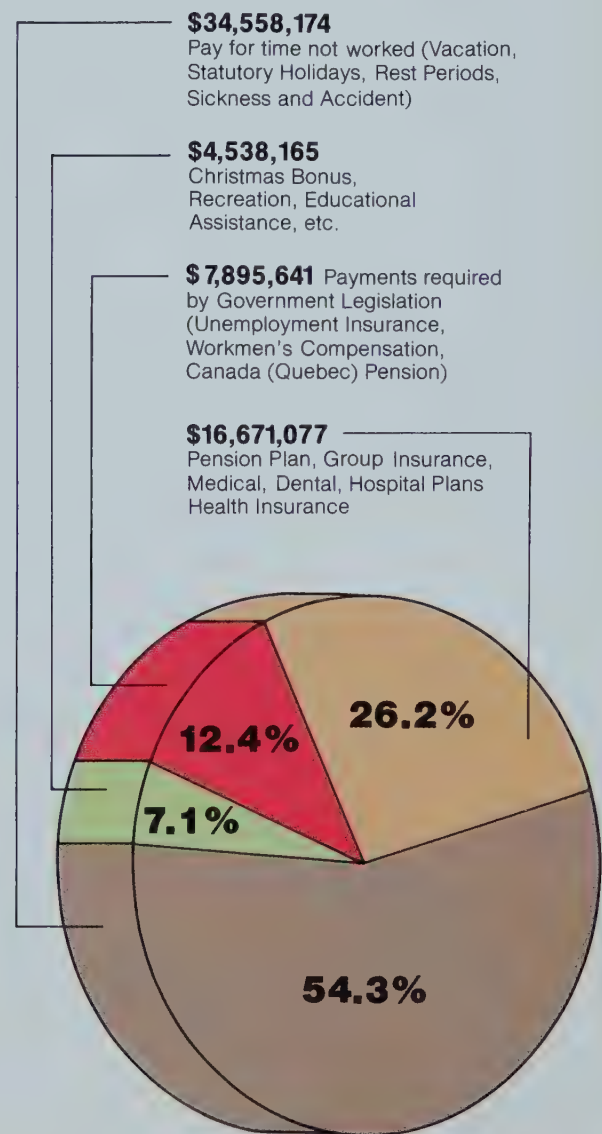
**Distribution of  
Company Income on a typical \$30.00 order**

## Employees enjoy Company Financial Benefits

The Employee Benefit Dollar rose from \$57,349,046. last year to \$63,663,057. this year and was applied as shown on the chart below. It is clearly seen that the basic rate of pay is only part of the total compensation and benefit package, shared by each Dominion employee and family. This, in addition to the fact that the total wage and benefit package over the last 10 years, has grown from \$76.5 million in 1968 to \$286.8 million last fiscal year (an increase of 275%), demonstrates the Company's constant aim to provide a satisfactory standard of living for all employees.

Benefits alone grew from \$14.8 million to \$63.6 million in the same period—an increase of 328%.

The Employee Benefit Dollar rose from \$57,349,046. last year to \$63,663,057. this year and was applied, as follows:



**Employee Benefits**



# Contents

## Highlights

Directors and Management	2
Report to Shareholders	3
Financial Statements	8
Auditors' Report	13
Ten Year Financial Summary	14
Ten Year Statement of Earnings	15
Directors—Affiliations	16

## Shareholders' Auditors

Coopers & Lybrand, Toronto

## Bankers

Bank of Montreal

Banque Canadienne Nationale

Banque Provinciale du Canada

Canadian Imperial Bank of  
Commerce

The Bank of Nova Scotia

The Royal Bank of Canada

The Toronto-Dominion Bank

First National Bank, Palm Beach

## Transfer Agents

Crown Trust Company,  
Toronto, Montreal and Vancouver

Canada Permanent Trust Company,  
Halifax and Saint John

The Canadian Bank of Commerce  
Trust Company, New York

## Registrars

Crown Trust Company,  
Toronto, Montreal and Vancouver

Canada Permanent Trust Company,  
Halifax and Saint John

The Canadian Bank of Commerce  
Trust Company, New York

The Annual Meeting of  
Shareholders will be held in the  
Canadian Room at the Royal York  
Hotel, 100 Front Street West,  
Toronto, on Thursday, the 10th day  
of August, 1978 at the hour of  
11:00 a.m. (Toronto time).

Version française—On peut obtenir  
un exemplaire français du présent  
Rapport annuel en s'adressant au  
Secrétaire de la Compagnie,  
605 Rogers Road, Toronto, Ontario  
M6M 1B9.



# Directors and Management

## Directors

\*A. BRUCE MATTHEWS  
Chairman of the Board and  
Chairman of the Executive Committee

LEWIS H. M. AYRE

†\*ALEX E. BARRON

\*STEWART G. BENNETT

\*G. MONTEGU BLACK

\* THOMAS G. BOLTON

†DIXON S. CHANT

PIERRE PAUL DAIGLE

†THOMAS G. McCORMACK

\*MAXWELL C. G. MEIGHEN

†ANDRE MONAST Q.C.

*\*Executive Committee*

BERYL A. PLUMPTRE

†*Audit Committee*

## Corporate Management

THOMAS G. BOLTON  
*President and Chief Executive Officer*

W. FRANK CAPSTICK  
*Senior Vice-President, Retail Operations*

ALLEN C. JACKSON  
*Executive Vice-President*

JOHN C. TOMA  
*Senior Vice-President, Marketing*

A. WILLIAM TOMLIN  
*Senior Vice-President, Administration*

LARRY C. GEE  
*Vice-President, Distribution Services*

ALLISTER M. MACDONALD  
*Vice-President, Real Estate and Development*

JOHN R. MORRISON  
*Vice-President and General Counsel*

JOHN PANDER  
*Vice-President, Merchandising*

MITCHELL L. WASIK  
*Vice-President and Secretary*

JAMES B. WILLIAMS  
*Vice-President, Corporate Planning*

## Regional Management

REAL BROUILLETTE  
*Vice-President  
Quebec*

JOHN N. CAMPBELL  
*Vice-President,  
Western Canada, North Central and Eastern Ontario*

RONALD C. HYNE  
*Vice-President,  
Hamilton, South Western Ontario*

JAMES A. MALCOLM  
*Vice-President,  
Toronto*

GILBERT VIENNEAU  
*Vice-President,  
Atlantic Provinces*

## District Management

ROGER ACTON  
*Sudbury, Ontario*

CARL F. ARMSWORTHY  
*St. John's, Nfld.*

FERNAND A. DAVID  
*Montreal, Quebec*

ROLLAND DESILETS  
*Montreal, Quebec*

JAMES F. EARLE  
*Halifax, N.S.*

WILLIAM J. GIBB  
*Toronto, Ontario*

FRANCOIS GIRARD  
*Quebec, Quebec*

BARRY HAGAN  
*Toronto, Ontario*

ELTON C. HAINES  
*Saint John, N.B.*

EDWARD C. KERR  
*Winnipeg, Manitoba*

RAYMOND LUCYSHYN  
*Hamilton, Ontario*

JOHN I. QUINN  
*Windsor, Ontario*

HARRY TAYLOR  
*Ottawa, Ontario*

## Special Management

UNA ABRAHAMSON  
*Director of Consumer Affairs*

DONALD H. BLAIR  
*Director of Labour Relations*

PETER M. BOURKE  
*Director of Systems & Computer Services*

ERVIN F. CAVEN  
*Director of Personnel*

STANLEY P. GIBSON  
*Director of General Merchandise*

DAVID M. LUCIUK  
*Comptroller*

JAMES A. MUNRO  
*Director of Real Estate*

J. STEPHEN OWENS  
*Director of Advertising*

WILLIAM D. ROBERTS  
*Director of Audit Services*



# Annual Report to Shareholders

The fiscal year covered in this report confirmed your Company's pre-eminent position as Canada's largest food retailer, with continued growth in all its areas of operations.

Total sales in the 52 weeks ended March 18, 1978 amounted to \$2,215,836,000, an increase of 9.34% over the previous fiscal year. This is a new high plateau in the history of Canadian retailing. This excellent performance was achieved in the face of aggressive and persistent competition in the retail food industry and an uncertain Canadian economy accompanied by an increasing and extremely high rate of unemployment.

While net earnings of \$20,836,000 or \$2.44 per share, were the highest in the history of the Company, \$1,748,000, or 20¢ per share, of this was contributed by the 3% inventory tax allowance. The intensely competitive environment and the continuing increase in expenses in many areas made it difficult to attain a satisfactory level of profitability. Earnings per dollar of sales of just more than 9/10ths of a cent were slightly higher than the 8/10ths of a cent earned last year. Such earnings do not provide sufficient funds to reinvest in the expansion of the enterprise and to provide for a fair return to the shareholders.

Individual store efficiency continued to improve, resulting in record achievements in sales volume per store and in sales per square foot, a testimonial to the resourcefulness and abilities of the Company's employees at all levels. The continuing evolution of the supermarket was demonstrated by the stores opened during the year. The average store ground floor area was 33,000 square feet while stores ranged from 24,000 square feet to 50,000 square feet. The stores scheduled to open in the current year will continue to offer this wider presentation of products and conveniences.

A development of note occurred at the beginning of the new fiscal year with the introduction of a group of generic or "White Label" products, beginning in Ontario and shortly expanded to all stores in the chain. These products carry government standard requirements and information. They are produced and packaged for Dominion by recognized quality manufacturers and provide the consumer with yet a further choice of quality merchandise at the lowest possible prices.

The resurgence of inflation is a very disturbing factor in the economy and is of concern to the management of your Company. The reasons for this resurgence are complex. The substantial decline in the value of the Canadian dollar during last year resulted in increased costs for imported foods, including fresh fruits and vegetables and many other products whose cost is tied into the U.S. dollar on world markets. Sharp reductions in supplies have resulted in record high prices for beef. We believe that some progress has been made in communicating to the public that food price increases do not originate within the retail segment of the industry, but that price increases are a reflection of many factors. The efforts of management and staff are constantly tested by the need to counter the upward pressures on prices.

There is a growing consumer awareness of and interest in matters relating to nutrition. Your Company is cognizant of the fact that this could impact on product labelling and thus influence consumer preference.

Energy costs continued to increase substantially, although at a rate that was lower than last year. The operating and engineering activities of the Company's energy conservation program have resulted in several important



conservation measures, including the installation of computer-controlled power management systems. These installations place Dominion in the forefront of supermarket energy conservation in North America.

The change in weights and measures to the metric system will involve the expenditure of substantial capital funds by the Company for the replacement and conversion to metric of several thousand scales. Special tax concessions by the federal government will reduce the net funds required for the conversion.

A great deal of senior management's time is taken up by matters relating to governments. In the last two years your Company has made representation to and appeared before nine different federal and provincial committees and inquiries. Its contribution to these has been positive.

The result of continuing dialogue at Federal, Provincial and Municipal Government levels is proving jointly productive inasmuch as there is a better understanding of existing and proposed government requirements. There is also provided an opportunity for contribution before the fact on legislation or standards that will eventually be of benefit to the consumer.

Moderate progress has been made in discussions relative to the establishment of a National Food Policy. A useful dialogue on increasing efficiency and productivity of the total food chain has resulted. In order that an objective study may be developed incorporating input, planning and implementation, the food retailers have strongly recommended the establishment of an agency for this purpose responsible to the Federal Cabinet and separate from any government Ministries.

Labour contracts covering most of the Company's retail and distribution employees expire or will re-open in this fiscal year and all are outside of the Anti-Inflation Regulations.

These contracts cover approximately 22,000 full and part-time employees. Negotiations are currently underway for renewal of the majority of the agreements.

Enlarged facilities for our Quality Assurance Laboratory and Test Kitchen have permitted the Company to further extend its quality and purity checks, not only of its own company brands and in-store fresh product preparation, but of national brand products available in our stores. We recognize the responsibility associated with our presentation of all products and every step is being taken to ensure product purity. Our laboratory and kitchens are equipped with the most modern testing facilities and are staffed by fully qualified professionals.

Your Company's definition of quality extends beyond the products themselves to include their presentation within our retail facilities and the people who serve the consumer and who make the major contribution to our success. Consumer involvement in food shopping incorporates not only the products purchased but their overall presentation within the physical environment and the attitudes of our people as well. These quality factors continue to influence our direction and by increased attention to them your Company will maintain its Number One position.

In the past year substantial advances have been made in our dialogue with consumers. The appointment of a Director of Consumer



Affairs, Mrs. Una Abrahamson, has made this possible and has aided your Company substantially in better providing for the needs of the consumer on a localized basis.

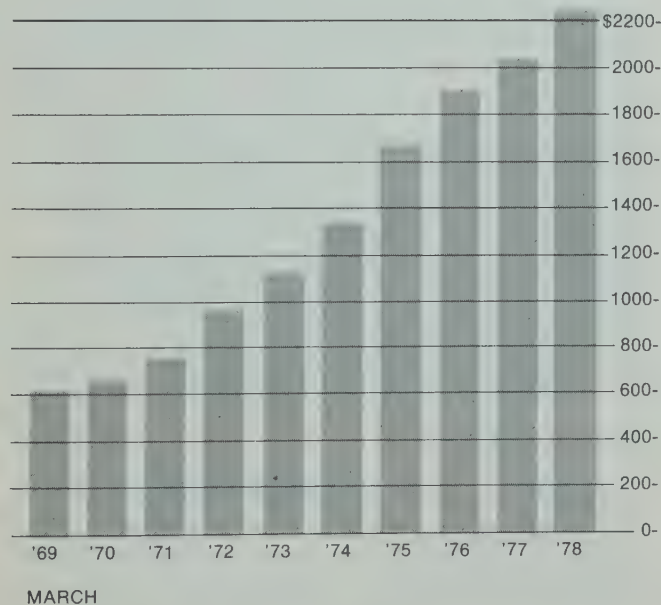


In accordance with your Company's retirement policy, Mr. Thomas G. McCormack retired as Deputy Chairman of the Board during the year. The employees, management and Board of Directors

are greatly indebted to Mr. McCormack for over forty-eight years of distinguished and dedicated service toward the growth and welfare of the Company. During this period Dominion achieved the enviable position as the leading retailer in Canada. We are pleased that Mr. McCormack's counsel and advice will be available as a continuing Director of the Company.

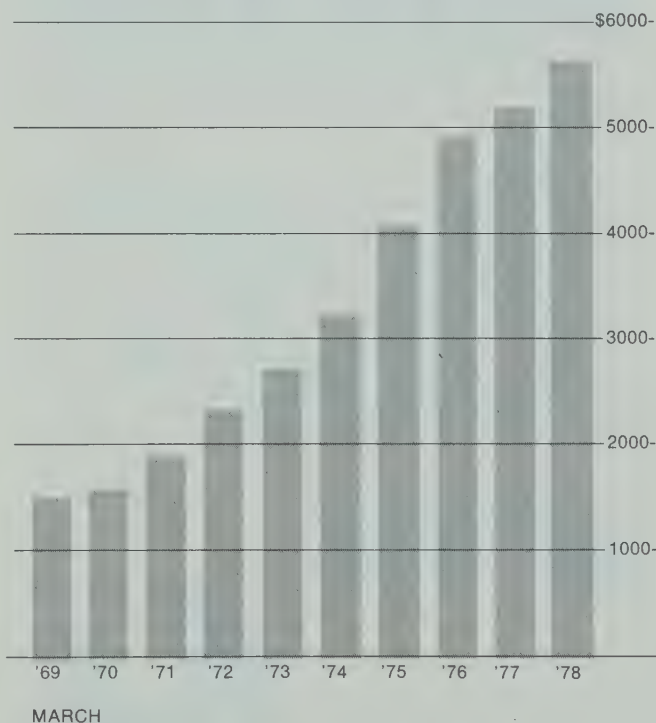
## Sales

SALES IN MILLIONS



In the 52 weeks ended March 18, 1978 sales amounted to \$2,215,836,000, compared with \$2,026,488,000 in the corresponding 52 week period ended March 19, 1977; representing an increase of \$189,348,000 or 9.34%. Again your Company has established a new high level of sales, in excess of \$2.2 billion, and continues to maintain its position as Canada's leading food retailer.

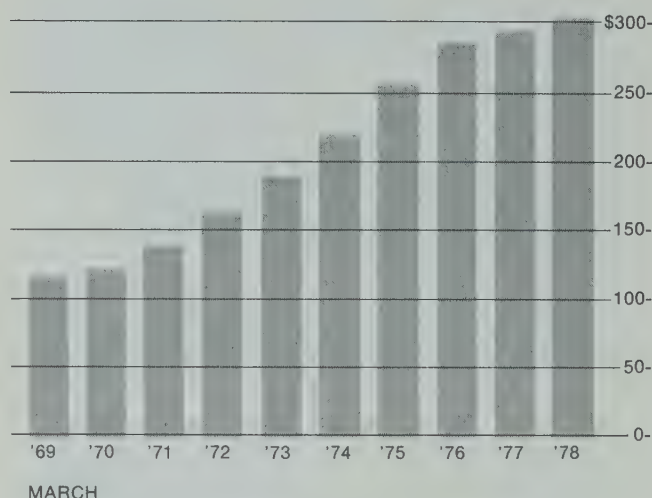
AVERAGE ANNUAL SALES PER STORE (000)



The excellent sales performance was exemplified by the continued improvement in productivity in the Company's retail facilities. This is critical to the maximization of efficient use of space. Annual sales per store averaged just under \$5.7 millions, or \$109,000 per week, and sales per square foot of ground floor area reached \$301.



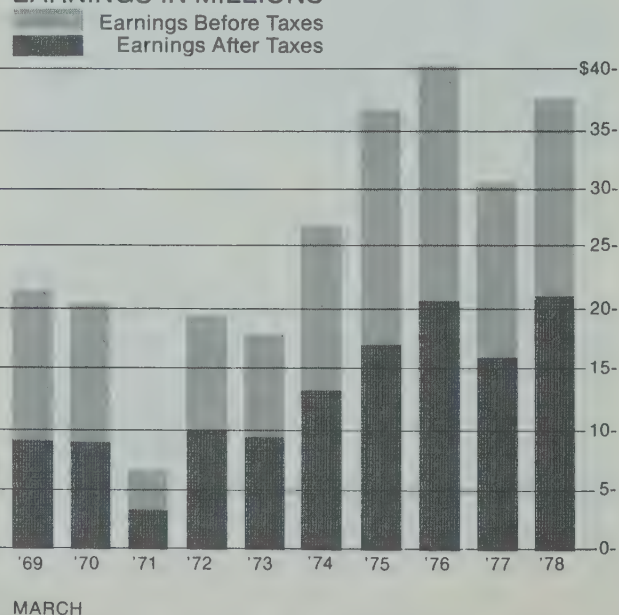
### ANNUAL SALES PER SQUARE FOOT OF GROUND FLOOR AREA



### Earnings

Net earnings for the year were \$20,836,000 or \$2.44 per share, compared with \$16,198,000, or \$1.90 per share, in the previous year. The provision for income taxes in the March, 1978 year was reduced by \$1,748,000, or 20¢ per share, as a result of the 3% inventory tax allowance and this increased the net earnings accordingly.

### EARNINGS IN MILLIONS



The earnings per dollar of sales of just over 9/10ths of a cent, while slightly higher than last year's 8/10ths of a cent, is still unsatisfactory. We re-emphasize this because of the growing demands for the expansion and modernization of the Company's physical facilities, while at the same time providing a reasonable return to the shareholders.

### Financial Resources

At March 18, 1978 working capital amounted to \$94,471,000 and the working capital ratio was 1.96 to 1. This substantial improvement in working capital reflects the sale in July, 1977, of \$50,000,000 of 9 3/4% Sinking Fund Debentures, Series F.

### Planning and Development

Over the past ten years capital expenditures of \$222,000,000 enabled the Company to open 133 new supermarkets and to modernize 198 other stores. During the same period 143 smaller and outdated stores were closed. Average store size increased substantially and average sales per store and per square foot increased by approximately 250%.

During the fiscal year ended March 18, 1978, 12 new supermarkets were opened, 6 were enlarged and 12 more underwent major modernization. 460,000 square feet of new retail space was added, with the new stores averaging 33,000 square feet in size. 10 stores were closed during the year and at March 18, 1978, there were 379 supermarkets in operation.

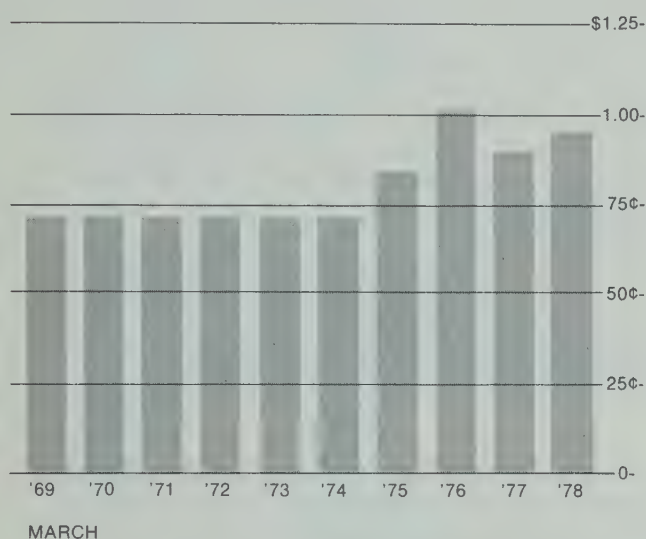
12 new supermarkets are scheduled to open in this current fiscal year and emphasis on the new, larger stores will continue, with an average of 30,000 square feet. 5 more stores will be enlarged and the program of modernizing and updating existing facilities will continue through the year. Capital expenditures will again be substantial, about the same as last year, \$36,000,000.

### Shareholders

During the fiscal year dividends paid amounted to 96¢ per share and totalled \$8,181,000. The dividend of 96¢ per share consisted of four regular dividends of 21¢ each plus an extra dividend of 12¢, paid on December 15, 1977.



## DIVIDENDS PER SHARE



Dividends continued to be restrained under the federal Anti-Inflation Regulations. In the year dividends paid amounted to 96¢ per share compared with 91¢ per share last year and with \$1.01 per share in the previous fiscal year.

The Annual Meeting of Shareholders will be held in the Canadian Room of the Royal York Hotel, 100 Front Street, West, Toronto on Thursday, August 10, 1978 at 11:00 a.m., Toronto time.

### Board of Directors

We again record with a deep sense of loss the death of our former Director and Chairman of the Board, Mr. John A. McDougald on March 15, 1978, tribute to whom has already been recorded by your Board earlier in this report.

On April 18, 1978 Mr. A. Bruce Matthews was elected Chairman of the Board and Chairman of the Executive Committee. We are also pleased to welcome two new appointments to the Board, Mrs. A. F. W. (Beryl) Plumptre, former Chairman of the Food Prices Review Board and a Director of several other Canadian companies, and Mr. Dixon S. Chant, formerly Chairman and President of Duplate Canada Limited and a Director of several prominent Canadian corporations.

At the Board of Directors meeting of April 18, 1978, a Resolution for a new by-law, Number 85, was approved for presentation to A Special General Meeting of Shareholders to be held in conjunction with the Annual Meeting on August 10, to increase the number of Directors on the Board from 12 to 14, permitting additional representation for the Company's broad franchise.

### In Appreciation

The interest and support of all who are involved was evident in the achievements recorded in fiscal 1977. We wish particularly to acknowledge the contribution of our many thousands of employees. We also extend our appreciation for the continuing loyalty of our customers and to our many dependable suppliers, our landlords and to our shareholders.

For the Board of Directors,

A. BRUCE MATTHEWS

*Chairman of the Board*

THOMAS G. BOLTON

*President and*

*Chief Executive Officer*



# Consolidated Statements of Earnings and Reinvested Earnings

For the years ended  
 March 18, 1978      March 19, 1977  
 (52 weeks)      (52 weeks)  
 (in thousands of dollars)

## Consolidated Statement of Earnings

Sales	<b>\$ 2,215,836</b>	\$ 2,026,488
Cost of goods sold and expenses except those shown below	<b>1,853,979</b>	1,707,647
Employees' salaries and benefits	<b>286,782</b>	256,161
Depreciation	<b>17,511</b>	15,568
Municipal taxes	<b>14,609</b>	12,636
Interest on long-term debt	<b>7,629</b>	4,453
Other interest	<b>325</b>	519
Investment income	<b>(2,396)</b>	(934)
	<b>2,178,439</b>	1,996,050
Earnings before taxes on income	<b>37,397</b>	30,438
Taxes on income ( <i>note 6</i> )	<b>16,318</b>	14,113
Earnings before minority interest	<b>21,079</b>	16,325
Minority interest	<b>243</b>	127
Net Earnings for the year	<b>\$ 20,836</b>	\$ 16,198
Earnings per share	<b>\$ 2.44</b>	\$ 1.90

For the years ended  
 March 18, 1978      March 19, 1977  
 (52 weeks)      (52 weeks)  
 (in thousands of dollars)

## Consolidated Statement of Reinvested Earnings

Reinvested Earnings— <i>beginning of year</i>	<b>\$ 109,485</b>	\$ 101,037
Net earnings for the year	<b>20,836</b>	16,198
Dividends	<b>(8,181)</b>	(7,750)
Reinvested Earnings— <i>end of year</i>	<b>\$ 122,140</b>	\$ 109,485



# Consolidated Statement of Changes in Financial Position

For the years ended  
March 18,                      March 19,  
1978                              1977  
(52 weeks)                      (52 weeks)  
(in thousands of dollars)

## Source of Funds

Net earnings for the year	<b>\$ 20,836</b>	\$ 16,198
Add: Charges not requiring cash outlay—		
Depreciation	<b>17,511</b>	15,568
Deferred income taxes	<b>1,390</b>	1,865
Loss or (gain) on disposal of fixed assets	<b>832</b>	(640)
Amortization of debenture discount	<b>38</b>	—
	<b>40,607</b>	32,991
Less: Income not generating cash—		
Income from investment in an effectively controlled company ( <i>note 1</i> )	<b>397</b>	245
Funds generated from operations	<b>40,210</b>	32,746
Proceeds on issue of long term debt	<b>48,875</b>	—
Proceeds from disposal of fixed assets	<b>2,413</b>	1,587
Minority interest	<b>243</b>	127
Decrease in mortgages and other investments	<b>150</b>	845
Proceeds from shares issued under the stock option plan ( <i>note 4</i> )	<b>131</b>	37
	<b>92,022</b>	35,342

## Use of Funds

Investment in fixed assets	<b>36,300</b>	30,910
Dividends	<b>8,181</b>	7,750
Reduction of long-term debt	<b>1,193</b>	863
	<b>45,674</b>	39,523
Increase (decrease) in Working Capital	<b>46,348</b>	(4,181)
Working Capital— <i>beginning of year</i>	<b>48,123</b>	52,304
Working Capital— <i>end of year</i>	<b>\$ 94,471</b>	\$ 48,123

# Consolidated Balance Sheet as at March 18, 1978

## Assets

	March 18, 1978	March 19, 1977
	(in thousands of dollars)	
<b>Current Assets</b>		
Cash	\$ 3,915	\$ 10,295
Short-term investments	23,905	—
Accounts receivable	10,256	8,174
Mortgages receivable	723	709
Merchandise (note 1)	151,354	121,449
Prepaid expenses	1,818	1,418
Deferred income taxes	529	274
	<b>192,500</b>	<b>142,319</b>
Mortgages and other Investments— <i>at cost</i>	<b>284</b>	<b>434</b>
Investment in an effectively controlled company (note 1)	<b>3,709</b>	<b>3,312</b>
<b>Fixed Assets (note 1)</b>		
Store, warehouse and office equipment	193,929	175,899
Buildings and leasehold improvements	67,312	60,545
	<b>261,241</b>	<b>236,444</b>
Less: Accumulated depreciation	<b>123,723</b>	<b>113,767</b>
	<b>137,518</b>	<b>122,677</b>
Land	<b>14,319</b>	<b>13,616</b>
	<b>151,837</b>	<b>136,293</b>
Unamortized Debenture Discount (note 1)	<b>1,087</b>	<b>—</b>
	<b>\$ 349,417</b>	<b>\$ 282,358</b>



## Liabilities

	March 18, 1978 (in thousands of dollars)	March 19, 1977
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	<b>\$ 84,004</b>	\$ 90,780
Income and sundry taxes	<b>12,804</b>	2,065
Current portion of long-term debt ( <i>note 3</i> )	<b>1,221</b>	1,351
	<b>98,029</b>	94,196
Deferred Income Taxes	<b>12,760</b>	11,370
Long-Term Debt ( <i>note 3</i> )	<b>93,557</b>	44,750
Minority Interest	<b>1,417</b>	1,174
	<b>205,763</b>	151,490

## Shareholders' Equity

### Capital Stock (*note 4*)

Authorized—  
20,000,000 common shares without nominal  
or par value

Issued and fully paid—

8,525,831 shares (1977—8,516,596 shares) **21,514** 21,383

Reinvested Earnings	<b>122,140</b>	109,485
	<b>143,654</b>	130,868
	<b>\$ 349,417</b>	\$ 282,358

*Signed on behalf of the board*

A. BRUCE MATTHEWS, T. G. BOLTON,  
*Directors*

# Notes to Consolidated Financial Statements

## 1. Accounting Policies

### (a) Principles of consolidation —

The accompanying financial statements consolidate the accounts of Dominion Stores Limited and all its subsidiaries.

### (b) Investment in an effectively controlled company.

The equity method of accounting has been used to account for the investment in the effectively controlled company.

### (c) Merchandise

Merchandise is located at both stores and warehouses. These inventories have been valued at the lower of cost and market. The term "market" as it applies to store inventories means "net realizable value" and to warehouse inventories "replacement cost".

### (d) Fixed Assets

The cost of fixed assets (including significant renewals and betterments) is capitalized at cost. Provisions for depreciation are determined on a straight-line basis over the estimated useful lives of the assets as follows:

Store, warehouse and office equipment	—3 to 10 years
Buildings	—40 years
Leasehold improvements—term of lease	

### (e) Amortization of debenture discount

The debenture discount is amortized over the term of the issue.

## 2. Remuneration of Directors and Senior Officers

In the fiscal year ended in 1978 the company had 12 directors (1977-twelve) and 13 senior officers (1977-thirteen) 4 of whom were also directors. The aggregate remuneration of directors as such was \$70,500 (1977-\$66,000) and of senior officers as such was \$1,493,000 (1977-\$1,461,000)

## 3. Long-Term Debt

	March 18, 1978 \$	March 19, 1977 \$
Redeemable sinking fund debentures 9¾% Series "D" maturing December 1, 1990	18,846,000	20,000,000
9¾% Series "F" maturing July 15, 1997	50,000,000	—
9½% Series "E" debentures maturing March 1, 1980	25,000,000	25,000,000
Non-interest bearing note and mortgages payable bearing interest at rates from 6¾% to 11%	931,811	1,101,489
	<u>94,777,811</u>	<u>46,101,489</u>
Deduct: Current portion included in current liabilities	1,220,897	1,351,416
	<u>93,556,914</u>	<u>44,750,073</u>

The principal amounts payable in the next five fiscal years are:

Fiscal years ending March 1979	\$ 1,220,897
1980	26,228,400
1981	1,172,400
1982	1,202,661
1983	1,174,000

## 4. Stock Option Plan

Pursuant to an employees' stock option plan adopted by the company on August 26, 1969, 112,198 unissued common shares of the company are reserved as at March 18, 1978. During the year 9,235 shares were issued for cash of \$130,525 upon exercise of stock options granted. Of the options granted to date, the following remain to be exercised (including options on 68,599 shares to senior officers, 3 of whom are also directors).

Number of shares	Option price	Expiry date
74,800	14.13	November 18, 1978
27,999	17.50	April 22, 1980

The exercise of these options would have no material effect on the reported earnings per share.



## 5. Long-Term Leases

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) to the date of expiry or option, whichever occurs first, for each of the periods shown below, is as follows:

	March 18, 1978 \$	March 19, 1977 \$
Within 5 years	110,754,000	97,869,000
Within the next 5 years	90,913,000	83,586,000
Within the follow- ing 10 years	114,367,000	104,942,000
Within the remainder of the term	20,078,000	19,009,000
	<u>336,112,000</u>	<u>305,406,000</u>
Minimum annual rentals payable under such leases are	<u>25,943,000</u>	<u>23,578,000</u>

Certain leases contain an option to cancel. Should the company exercise these options, it could be required to purchase the related properties.

## 6. Income Taxes

Taxes on income have been reduced by approximately \$1,748,000 resulting from the 3% inventory allowance provided by recent changes in tax legislation.

## 7. Pension Plan

As of January 1, 1978, the estimated past service unfunded pension liability amounted to approximately \$23,068,000 of which approximately \$5,900,000 has vested with employees of the company. This liability is being funded over 12 years by means of annual payments of approximately \$2,567,000. These payments are being charged against operations in the year in which they are made.

## 8. Anti-Inflation Act

The company is subject to restraint of profit margins, prices, dividends and compensation under the terms of the Anti-Inflation Act and Regulations which became effective October 14, 1975.

# Auditors' Report to the Shareholders

Coopers & Lybrand  
Chartered Accountants

145 King Street West  
Toronto, Ontario

We have examined the consolidated balance sheet of Dominion Stores Limited as at March 18, 1978 and the consolidated statements of earnings, reinvested earnings and changes in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at March 18, 1978 and the results of its operations and the changes in its financial position for the fiscal year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
CHARTERED ACCOUNTANTS

April 12, 1978

# Ten Year Financial Summary

(dollars in millions)

As at fiscal years ended March:	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
<b>Total Assets</b> . . . . .	<b><u>\$349.4</u></b>	<u>\$282.4</u>	<u>\$262.9</u>	<u>\$240.8</u>	<u>\$197.5</u>	<u>\$168.9</u>	<u>\$165.5</u>	<u>\$157.0</u>	<u>\$136.0</u>	<u>\$126.3</u>
<b>Current Assets</b> . . . . .	<b>\$192.5</b>	\$142.3	\$136.7	\$126.6	\$ 94.5	\$ 76.7	\$ 76.2	\$ 69.1	\$ 56.1	\$ 51.2
<b>Current Liabilities</b> . . . . .	<b><u>98.0</u></b>	<u>94.2</u>	<u>84.4</u>	<u>73.1</u>	<u>66.6</u>	<u>44.7</u>	<u>46.1</u>	<u>42.0</u>	<u>37.7</u>	<u>32.5</u>
<b>Working Capital</b> . . . . .	<b><u>\$ 94.5</u></b>	<u>\$ 48.1</u>	<u>\$ 52.3</u>	<u>\$ 53.5</u>	<u>\$ 27.9</u>	<u>\$ 32.0</u>	<u>\$ 30.1</u>	<u>\$ 27.1</u>	<u>\$ 18.4</u>	<u>\$ 18.7</u>
Working Capital Ratio . . . . .	<b>2.0</b>	1.5	1.6	1.7	1.4	1.7	1.7	1.6	1.5	1.6
<b>Other Assets</b> . . . . .	<b>\$ 5.1</b>	\$ 3.8	\$ 4.3	\$ 3.7	\$ 3.4	\$ 3.8	\$ 3.9	\$ 3.8	\$ 1.5	\$ 1.1
<b>Net Fixed Assets</b> . . . . .	<b>151.8</b>	136.3	121.9	110.5	99.6	88.4	85.4	84.1	78.4	74.0
<b>Deferred Income Taxes</b> . . . . .	<b>12.7</b>	11.4	9.5	8.5	7.6	7.4	7.2	6.3	5.5	4.7
<b>Minority Interest</b> . . . . .	<b>1.4</b>	1.2	1.0	.8	—	—	—	—	—	—
<b>Long-Term Debt</b> (excludes current portion) . . . . .	<b><u>93.6</u></b>	<u>44.7</u>	<u>45.6</u>	<u>47.9</u>	<u>25.3</u>	<u>26.3</u>	<u>26.7</u>	<u>28.2</u>	<u>9.1</u>	<u>10.1</u>
<b>Shareholders' Equity</b> . . . . .	<b><u>\$143.7</u></b>	<u>\$130.9</u>	<u>\$122.4</u>	<u>\$110.5</u>	<u>\$ 98.0</u>	<u>\$ 90.5</u>	<u>\$ 85.5</u>	<u>\$ 80.5</u>	<u>\$ 83.7</u>	<u>\$ 79.0</u>
Accounted for as follows—										
Capital stock . . . . .	<b>\$ 21.5</b>	\$ 21.4	\$ 21.4	\$ 21.3	\$ 18.9	\$ 18.7	\$ 17.0	\$ 15.8	\$ 15.7	\$ 15.7
Reinvested earnings . . . . .	<b>\$122.2</b>	\$109.5	\$101.0	\$ 89.2	\$ 79.1	\$ 71.8	\$ 68.5	\$ 64.7	\$ 68.0	\$ 63.3
<b>Number of Shares Outstanding</b> (000 Omitted) . . . . .	<b>8,526</b>	8,517	8,514	8,510	8,319	8,308	8,174	8,078	8,077	8,073
<b>Number of Shareholders</b> . . . . .	<b>7,037</b>	7,315	7,495	7,797	8,474	9,191	10,518	11,748	11,305	11,158
<b>Capital Expenditures</b> . . . . .	<b>\$ 36.3</b>	\$ 30.9	\$ 26.8	\$ 25.8	\$ 24.4	\$ 13.8	\$ 14.5	\$ 16.3	\$ 15.3	\$ 18.3



# Ten Year Statement of Earnings

(dollars in millions)

For the fiscal years ended March:	1978	1977	1976	1975	1974 *	1973	1972	1971	1970	1969
<b>Sales</b> . . . . .	<b>\$2,215.8</b>	<b>\$2,026.5</b>	<b>\$1,914.0</b>	<b>\$1,649.5</b>	<b>\$1,320.7</b>	<b>\$1,112.2</b>	<b>\$953.7</b>	<b>\$768.5</b>	<b>\$651.6</b>	<b>\$602.9</b>
<b>Cost of Goods Sold and Expenses</b>										
Cost of goods sold and expenses except those shown below . . . . .	<b>\$1,854.0</b>	\$1,707.6	\$1,612.1	\$1,387.7	\$1,111.0	\$933.6	\$801.1	\$644.0	\$530.3	\$492.6
Employees' salaries and benefits . . . . .	<b>286.8</b>	256.2	233.4	200.5	161.7	140.7	115.0	101.1	86.4	76.5
Depreciation . . . . .	<b>17.5</b>	15.6	14.7	12.3	10.8	10.1	9.4	8.6	7.9	6.8
Municipal taxes . . . . .	<b>14.6</b>	12.6	11.0	8.9	7.9	7.8	6.8	6.4	5.4	5.1
Interest on long-term debt . . . . .	<b>7.6</b>	4.5	4.6	2.4	2.3	2.3	2.4	1.0	.5	.5
Other interest . . . . .	<b>.3</b>	.5	.2	2.0	.6	.2	.2	1.0	1.1	.3
Investment income . . . . .	<b>2.4</b>	.9	2.4	.6	.4	.3	.3	.3	.3	.3
	<b>\$2,178.4</b>	<b>\$1,996.1</b>	<b>\$1,873.6</b>	<b>\$1,613.2</b>	<b>\$1,293.9</b>	<b>\$1,094.4</b>	<b>\$934.6</b>	<b>\$761.8</b>	<b>\$631.3</b>	<b>\$581.5</b>
<b>Earnings Before Taxes on Income</b> . . . . .	<b>\$ 37.4</b>	\$ 30.4	\$ 40.4	\$ 36.3	\$ 26.8	\$ 17.8	\$ 19.1	\$ 6.7	\$ 20.3	\$ 21.4
Per dollar of sales . . . . .	<b>1.69¢</b>	1.50¢	2.10¢	2.20¢	2.03¢	1.60¢	2.00¢	.87¢	3.12¢	3.55¢
<b>Taxes on Income</b> . . . . .	<b>\$ 16.3</b>	\$ 14.1	\$ 19.7	\$ 19.2	\$ 13.5	\$ 8.5	\$ 9.5	\$ 3.4	\$ 11.0	\$ 11.9
Per dollar of sales . . . . .	<b>.74¢</b>	.70¢	1.03¢	1.16¢	1.02¢	.76¢	1.00¢	.44¢	1.69¢	1.97¢
<b>Minority Interest</b> . . . . .	<b>\$ .3</b>	\$ .1	\$ .3	\$ .1	—	—	—	—	—	—
Per dollar of sales . . . . .	<b>.01¢</b>	—	.01¢	.01¢	—	—	—	—	—	—
<b>Net Earnings</b> . . . . .	<b>\$ 20.8</b>	\$ 16.2	\$ 20.4	\$ 17.0	\$ 13.3	\$ 9.3	\$ 9.6	\$ 3.3	\$ 9.3	\$ 9.5
Per dollar of sales . . . . .	<b>.94¢</b>	.80¢	1.06¢	1.03¢	1.01¢	.84¢	1.00¢	.43¢	1.43¢	1.58¢
Per share . . . . .	<b>\$ 2.44</b>	\$ 1.90	\$ 2.40	\$ 2.02	\$ 1.60	\$ 1.12	\$ 1.18	\$ .41	\$ 1.15	\$ 1.17
<b>Dividends</b> . . . . .	<b>\$ 8.2</b>	\$ 7.8	\$ 8.6	\$ 6.9	\$ 5.9	\$ 5.9	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8
Per share . . . . .	<b>\$ .96</b>	\$ .91	\$ 1.01	\$ .82	\$ .72	\$ .72	\$ .72	\$ .72	\$ .72	\$ .72
<b>Number of Employees</b>										
—full time . . . . .	<b>12,324</b>	11,976	11,974	11,907	11,054	11,194	10,498	10,381	9,664	9,231
—part time . . . . .	<b>13,168</b>	12,654	12,844	12,844	11,580	11,319	10,684	10,230	8,706	7,935
	<b>25,492</b>	24,630	24,818	24,751	22,634	22,513	21,182	20,611	18,370	17,166
<b>Stores Opened</b> . . . . .	<b>12</b>	8	10	13	12	4	19	18	20	17
<b>Stores Closed</b> . . . . .	<b>10</b>	18	14	16	19	6	13	19	11	9
<b>Stores at Year End</b> . . . . .	<b>379</b>	377	387	391	394	401	403	397	398	389
<b>Ground Floor Area In Square Feet (000)</b> . . . . .	<b>7,241</b>	6,918	6,790	6,518	6,254	6,060	5,990	5,730	5,606	5,270

\* 53 weeks.



**DOMINION STORES LIMITED**  
Incorporated under the laws of Canada

**Head Office:**

605 Rogers Road, Toronto, Ontario  
M6M 1B9 (416) 652-2000

**District Offices:**

St. John's, Nfld.	Toronto, Ont.
Halifax, N.S.	Hamilton, Ont.
Saint John, N.B.	Windsor, Ont.
Quebec, Que.	Sudbury, Ont.
Montreal, Que.	Winnipeg, Man.
Ottawa, Ont.	

**Board of Directors—**

**A. BRUCE MATTHEWS**

*Chairman of the Board and  
Chairman of the Executive Committee—  
Dominion Stores Limited*

*President—  
Argus Corporation Limited*

*Chairman of the Board—  
Standard Broadcasting Corporation Ltd.  
Massey-Ferguson Limited  
Dome Mines Limited*

**THOMAS G. BOLTON**

*President and Chief Executive Officer—  
Dominion Stores Limited*

*Director—  
Argus Corporation Limited*

**LEWIS H. M. AYRE**

*Chairman of the Board—  
Ayre and Sons Limited  
Northlantic Fisheries Limited  
The Newfoundland Telephone Co. Ltd.*

*Director—  
The Bank of Nova Scotia*

**ALEX E. BARRON**

*Chairman of the Board—  
Canadian Tire Corporation Limited  
Domtar Inc*

*Director—  
Canada Trust Company*

**STEWART G. BENNETT**

*Corporate Director*

**G. MONTEGU BLACK**

*Vice-President—  
Dominion Securities Limited*

*Director—  
The Canadian Indemnity Company Limited*

**DIXON S. CHANT**

*President and Chief Executive Officer—  
W.E.P. Investments Ltd.*

*Director and  
Chairman of the Executive Committee—  
Argus Corporation Limited*

*Director, Vice-President and Member  
of the Executive Committee—  
Crown Trust Company*

*Director and  
Chairman of the Executive Committee—  
V. S. Services Limited*

**PIERRE PAUL DAIGLE**

*Vice-President—  
City National Leasing Limited*

*Director—  
Confederation Life Insurance Company  
Goodyear Canada Inc.  
Hilton Canada Limited  
International Paints (Canada) Limited  
Warner-Lambert Canada Limited*

**THOMAS G. McCORMACK**

*Director—  
Argus Corporation Limited  
Crown Trust Company*

**MAXWELL C. G. MEIGHEN**

*Chairman of the Board—  
Argus Corporation Limited  
Canadian General Investments Limited*

**ANDRE MONAST, Q.C.**

*Partner—  
St. Laurent, Monast, Walters & Vallieres*

*Director—  
Canadian Imperial Bank of Commerce  
IBM Canada Limited  
Noranda Mines Limited  
Canada Cement Lafarge Limited*

**BERYL A. PLUMPTRE**

*Director—  
The Canada Life Assurance Company  
Canada Permanent Mortgage Corporation  
Canada Permanent Trust Company  
The Consumers' Gas Company*







DOMINION STORES LIMITED  
TRULY CANADIAN



MEETING  
CONSUMERS CHANGING NEEDS



# INTERIM REPORT FOR THE 26 WEEKS ENDED SEPTEMBER 16 1978



## DOMINION STORES LIMITED

Toronto, Canada  
M6M 1B9

November 14, 1978

To our Shareholders:

In the twenty-six weeks ended September 16, 1978 sales of Dominion Stores Limited amounted to \$1,170,361,000, an increase of \$79,847,000 or 7.32% over sales of \$1,090,514,000 in the same period last year.

It was a period of extreme competition, with all the major chains vying for the consumer's food dollar with a flurry of great media activity in most market areas. Your Company's guarantee of low cost, quality merchandise enabled it to maintain its leadership in the industry.

Net earnings in the half-year amounted to \$10,779,000 or \$1.26 per share compared with \$9,481,000 or \$1.11 per share last year. Last year's earnings are re-stated to include a proportionate share of the 3% inventory tax allowance.

Earnings per dollar of sales for the half-year were 9/10ths of a cent, just slightly higher than last year. Again we must stress the difficulty in achieving a satisfactory level of earnings to provide the capital funds necessary for expansion and for a reasonable return to our shareholders.

In the Annual Report and at the Annual Meeting of Shareholders we emphasized the time and cost which has been devoted to various Federal and Provincial Committees and Inquiries into the food business. The most recent Federal study, which was conducted by the Anti-Inflation Board, reported that food industry retailers and processors are not making abnormal profits and cannot be held responsible for recent food price increases. The study attributes the rise in prices to adverse weather outside Canada, the decrease in the value of the dollar and diminishing beef supplies which coincided earlier this year. In summary the report says that profit figures "indicate that increases in overall processor and retailer net profits have not been a significant contributing factor to the rise in food prices during the first six months of this year".

The results of this study further substantiate your Company's stated position that the overwrought attention to our industry is unwarranted and costly.

Two new supermarkets were opened in the first half of the year and one small store was closed. Labour problems in the construction industry delayed the completion of other new stores. At September 16, 1978, 380 supermarkets were in operation.

Good progress was made in other areas of the Company's operations. Substantial enlargements were completed at both Donovans Wholesale in St. John's, Newfoundland and at the Willett Fruit Company distribution centre in Saint John, New Brunswick. An enlarged Bittner Packers plant also was brought into operation.

For the fiscal year to date three Safeguard drug stores, one in-store pharmacy, one self-serve gas bar and two Min-A-Mart convenience stores have been opened and three "limited line" or Thrift stores are now operating. Other openings in these ancillary operations are planned for the near future.

## HIGHLIGHTS (unaudited)

(dollars are in thousands)

	For the 13 weeks ended		For the 26 weeks ended	
	Sept. 16/78	Sept. 17/77	Sept. 16/78	Sept. 17/77
Sales	\$579,946	\$542,498	\$1,170,361	\$1,090,514
Per cent increase	6.90%	—	7.32%	—
Earnings before taxes	\$ 9,276	\$ 7,098	\$ 19,649	\$ 17,057
Taxes on income	4,163	2,996	8,603	7,353
Net earnings before minority interest	5,113	4,102	11,046	9,704
Less minority interest	158	86	267	223
Net earnings	\$ 4,955	\$ 4,016	\$ 10,779	\$ 9,481
Per dollar of sales	85/100ths of a cent	74/100ths of a cent	92/100ths of a cent	87/100ths of a cent
Per share	58¢	47¢	\$ 1.26	\$ 1.11
Dividends paid	\$ 1,796	\$ 1,789	\$ 3,587	\$ 3,578
Per share	21¢	21¢	42¢	42¢

## STATEMENT OF SOURCE AND USE OF FUNDS

(thousands of dollars)

	For the 26 weeks ended	
	Sept. 16/78	Sept. 17/77
<b>Source of Funds</b>		
Proceeds from Series F Debentures	\$ —	\$ 48,875
Net Earnings	10,779	9,481
Depreciation	9,410	8,395
Income from investment in effectively controlled Company	(53)	(298)
Disposal of fixed assets	315	539
Minority interest	267	223
Shares issued under stock option plan	380	42
Amortization of debenture discount	28	9
	<u>21,126</u>	<u>67,266</u>
<b>Use of Funds</b>		
Investment in fixed assets	17,087	12,638
Dividends paid	3,587	3,578
Increase in mortgages and other investments	234	211
Long term debt reduction	59	58
	<u>20,967</u>	<u>16,485</u>
<b>Working Capital</b>		
Increase in the 26 weeks	159	50,781
Balance—beginning of the year	94,471	48,123
Balance—end of the half year	<u>\$ 94,630</u>	<u>\$ 98,904</u>

For the board of Directors

A. BRUCE MATTHEWS  
Chairman of the Board

THOMAS G. BOLTON  
President and  
Chief Executive Officer



# RAPPORT INTÉRIMAIRE POUR LES 26 SEMAINES TERMINÉES LE 16 SEPTEMBRE 1978



## LES SUPERMARCHÉS DOMINION LIMITÉE

Toronto, Canada  
M6M 1B9

le 14 novembre 1978

Mesdames, Messieurs les actionnaires,

Pour les vingt-six semaines arrêtees au 16 septembre 1978, le chiffre d'affaires de Les Supermarchés Dominion Limitée a atteint \$1 170 361 000 contre \$1 090 514 000 au cours de la période comparable de l'exercice précédent, soit une augmentation de \$79 847 000 ou 7,32%.

Ce semestre a été dominé par une âpre concurrence, tous les grands magasins à succursales multiples cherchant à gagner la clientèle des consommateurs à grand renfort de publicité dans la plupart des secteurs du marché. En continuant de garantir des produits de qualité au prix le plus bas possible, votre Compagnie a conservé sa prépondérance dans l'industrie.

Le bénéfice net du premier semestre s'est dégagé à \$10 779 000, soit \$1,26 par action, au lieu de \$9 481 000 ou \$1,11 par action au semestre comparable de l'exercice précédent. Le bénéfice du premier semestre de l'exercice précédent a été redressé pour tenir compte de la tranche proportionnelle du dégrèvement fiscal de 3% sur les stocks.

Exprimé par dollar de chiffre d'affaires, le bénéfice du premier semestre s'est élevé à 9/10<sup>e</sup> de cent, ce qui est légèrement supérieur à celui enregistré pour le semestre comparable de l'exercice précédent. Il convient d'attirer de nouveau l'attention sur les difficultés que nous éprouvons à dégager une marge bénéficiaire suffisante pour apporter les fonds nécessaires à notre expansion et procurer à nos actionnaires un rendement convenable.

Dans notre Rapport annuel et au cours de l'assemblée générale ordinaire, nous avons insisté sur le temps et les frais que nous avons consacrés aux diverses commissions fédérales et provinciales d'enquête sur le secteur de l'alimentation. La plus récente étude du gouvernement fédéral, confiée à la Commission de lutte contre l'inflation, indique que les marchands de détail et les transformateurs de l'industrie alimentaire ne réalisent pas de profits excessifs et ne peuvent donc être tenus responsables des récentes hausses de prix à l'alimentation. L'étude impute ces hausses aux conditions climatiques défavorables qui sévissent hors du Canada, à la dépréciation du dollar canadien et au fléchissement des approvisionnements en bœuf intervenus au début de l'année. En résumé, les auteurs du rapport affirment que "l'accroissement des bénéfices nets des détaillants et des transformateurs n'a pas joué un rôle important dans l'augmentation des prix à l'alimentation au cours du premier semestre de cette année".

Votre Compagnie a donc raison de penser, comme en font foi les résultats de cette étude, que les enquêtes approfondies sur notre industrie sont injustifiées et onéreuses.

Au cours du premier semestre de l'exercice, deux nouveaux supermarchés ont été ouverts, et un petit établissement a fermé ses portes. Les conflits du travail qui perturbent l'industrie du bâtiment ont retardé l'achèvement de nouveaux supermarchés. Au 16 septembre 1978, 380 supermarchés étaient en exploitation.

Des progrès notables ont été accomplis dans d'autres secteurs d'activité de la Compagnie. Des agrandissements importants ont été apportés à l'établissement Donovans Wholesale à Saint-Jean (Terre-Neuve) et au centre de distribution de la Willett Fruit Company à Saint-Jean (Nouveau-Brunswick). Une adjonction de l'usine Bittner Packers a également été mise en exploitation.

Au cours du présent exercice trois pharmacies Safeguard, une pharmacie en supermarché, un poste d'essence à libre service et deux épiceries de dépannage Min-A-Mart ont ouvert leurs portes à ce jour. Trois mini-marchés Thrift sont maintenant en exploitation. De nouvelles exploitations parallèles devraient être mises en activité dans un proche avenir.

## POINTS SAILLANTS (chiffres non vérifiés) (en milliers de dollars)

	13 semaines arrêtees au 16 sept. 78		26 semaines arrêtees au 16 sept. 78		13 semaines arrêtees au 17 sept. 77		26 semaines arrêtees au 17 sept. 77	
Chiffre d'affaires	\$579 946	\$542 498	\$1 170 361	\$1 090 514				
Pourcentage d'augmentation	6,90%	—	7,32%	—				
Bénéfice avant impôts	\$ 9 276	\$ 7 098	\$ 19 649	\$ 17 057				
Impôts sur le revenu	4 163	2 996	8 603	7 353				
Bénéfice net avant quote-part des actionnaires minoritaires	5 113	4 102	11 046	9 704				
Moins quote-part des actionnaires minoritaires	158	86	267	223				
Bénéfice net	\$ 4 955	\$ 4 016	\$ 10 779	\$ 9 481				
Pour chaque dollar de vente	85/100 <sup>e</sup> de cent	74/100 <sup>e</sup> de cent	92/100 <sup>e</sup> de cent	87/100 <sup>e</sup> de cent				
Par action	58¢	47¢	\$ 1,26	\$ 1,11				
Dividendes	\$ 1 796	\$ 1 789	\$ 3 587	\$ 3 578				
Par action	21¢	21¢	42¢	42¢				

## ÉTAT DE LA PROVENANCE ET DE L'EMPLOI DES FONDS (en milliers de dollars)

	26 semaines arrêtees au 16 sept. 78		26 semaines arrêtees au 17 sept. 77	
<b>Provenance des fonds</b>				
Produit de l'émission de débentures, série F	\$ —	\$ 48 875		
Bénéfice net	10 779	9 481		
Amortissement	9 410	8 395		
Produit d'un placement dans une compagnie sous contrôle effectif	(53)	(298)		
Aliénation d'immobilisations	315	539		
Quote-part des actionnaires minoritaires	267	223		
Actions émises en vertu du régime d'options d'achat d'actions	380	42		
Amortissement de l'escompte d'émission de débentures	28	9		
	<u>21 126</u>	<u>67 266</u>		
<b>Emploi des fonds</b>				
Placement en immobilisations	17 087	12 638		
Dividendes	3 587	3 578		
Augmentation de prêts hypothécaires et d'autres placements	234	211		
Réduction de la dette à long terme	59	58		
	<u>20 967</u>	<u>16 485</u>		
<b>Fonds de roulement</b>				
Augmentation au cours des 26 semaines	159	50 781		
Solde à l'ouverture du semestre	94 471	48 123		
Solde à la clôture du semestre	<u>\$ 94 630</u>	<u>\$ 98 904</u>		

### Pour le Conseil d'administration:

Le président du  
conseil d'administration,  
A. BRUCE MATTHEWS

Le président et  
chef de la direction,  
THOMAS G. BOLTON